

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O. Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 465-1327
www.legfin.state.ak.us

MEMORANDUM

DATE: June 20, 2012

TO: Legislative Budget and Audit Committee

FROM: David Teal, Director

SUBJECT: Preparation for the June 27th, 2012 LB&A Meeting

OMB submitted the following FY13 RPLs for consideration at the June 27th, 2012 Legislative Budget and Audit Committee meeting. These RPLs, along with Legislative Finance comments, are posted on our web site at <http://www.legfin.state.ak.us/>.

| RPL# | Agency | Subject | Amount | Fund Source |
|------------------------------------|---------------------------------|-----------------------------------|-----------|---------------|
| 05-3-0002 FY13 Operating | Education and Early Development | Harper Arts Touring Program | \$80,000 | SDPR (1108) |
| 06-3-0099 FY13 Operating | Health and Social Services | Patient Centered Medical Homes | \$33,600 | MHTAAR (1092) |
| 10-3-5000 FY13 Operating | Natural Resources | Real Estate Portfolio Development | \$360,300 | MHTAAR (1092) |
| 10-3-5001 FY13 Capital | Natural Resources | Canadian Thistle Control | \$85,000 | SDPR (1108) |

If you have any questions that you want an agency to address at the meeting, please call us so we can help ensure the agency has a response prepared.

**Department of Education & Early Development
Commission and Boards
Alaska State Council on the Arts**

| | |
|---|--|
| Subject of RPL: Harper Arts Touring Program | ADN/RPL #: 05-3-0002 |
| Amount requested: \$80,000 | Appropriation Authority: Sec 1, Ch 15, SLA 2012, pg 12, ln 15 |
| Funding source: \$80,000 SDPR (1108) Operating | Statutory Authority: AS 44.27.050-052 |

PURPOSE

In FY2013, the Rasmuson Foundation will engage the services of the Alaska State Council on the Arts (ASCA) in the administration of the Harper Arts Touring grant program. The Harper Arts Touring program helps stimulate access to high quality performing arts in communities throughout Alaska, including traveling arts and cultural exhibits. The program helps encourage tours of Alaska's performing arts, and builds capacity of organizations in small communities.

PREVIOUS LEGISLATIVE CONSIDERATION

At their October 14, 2011 meeting, Legislative Budget and Audit approved RPL 05-2-0070 for \$65,000 Statutory Designated Program Receipts.

TIMING ISSUES

The initial agreement with the Rasmuson Foundation to administer its Harper Arts Touring grant program began in FY2012. At that time, there was not assurance that the services of ASCA would be needed in the following fiscal year. However, in mid-April 2012, the Rasmuson Foundation notified the ASCA of its interest in renewing ASCA's services for the Harper Arts Touring grant program. Should the Rasmuson Foundation indicate a desire for continued support in FY2014 and beyond, the Department will request an increase to the statutory designated program receipt authorization during the FY2014 budget process.

A renewed agreement between the ASCA and the Rasmuson Foundation has been received for FY2013.

Due to the nature of how the ASCA cultivates partnerships through private entities, there are continuous opportunities to apply for private funding grants. However, the unanticipated timing and funding level of receipts is challenging in order to exactly align authorization.

BUDGETARY ISSUES

The Department of Education and Early Development is respectfully requesting \$80,000 additional Statutory Designated Program Receipt (SDPR) authorization for the Harper Arts Touring grant program. The funding will be allocated to the following expenditure line items: 73000 (Services) \$20,000 and 77000 (Grants) \$60,000. There is no general fund match requirement, and no new positions will be needed for this request.

| | Authorization Total |
|---|---------------------|
| FY2013 Budgeted SDPR | 180,000 |
| Less Grants: | |
| Arts In Education | (140,000) |
| Grants in process from the following: ConocoPhillips, Rasmuson | (40,000) |
| Available Balance | 0 |
| RPL - Harper Arts Touring Program | 80,000 |
| Total Revised Authorization | 260,000 |

Approval of this request will give the ASCA the ability to receive and expend grant funds by disbursing them to eligible non-profit organizations in Alaska for the purpose of making the performing arts available in their communities. This funding opportunity aligns with the ASCA's long term plans and mission to foster the development of the arts for all Alaskans through education, partnerships, grants and services.

Legislative Fiscal Analyst Comment: Budgeted FY13 SDPR is \$180,800, bringing the overall total to \$260,800 with the approval of this RPL. Also, the Rasmuson Foundation allows up to \$20,000 of the Harper Arts Touring Program to be used for administrative costs of the Alaska State Council on the Arts.

**Department of Health and Social Services
Division of Health Care Services
Medical Assistance Administration**

| | |
|--|--|
| Subject of RPL: Patient Centered Medical Homes with Integrated Services | ADN/RPL #: 06-3-0099 |
| Amount requested: \$ 33,600 | Appropriation Authority: Sec 1 Ch 15 SLA 2012 pg 19 ln 13 |
| Funding source: MHTAAR (1092) Operating | Statutory Authority: AS 47.07, AS 47.25 |

PURPOSE

The Division of Health Care Services requests authorization to expend \$33,600 of MHTAAR funds from the Alaska Mental Health Trust Authority (Trust). This amount represents the balance carried forward to FY2013 from the \$100,000 Trust project funding originally approved for FY2012. The funding has been allocated to employ a consultant experienced in the Patient Centered Medical Home (PCMH) model of care delivery system. The division will continue to use the funds to contract with the consultant for design of a sustainable and successful PCMH care delivery system.

PREVIOUS LEGISLATIVE CONSIDERATION

During their December 5, 2011 meeting, Legislative Budget and Audit approved FY2012 authorization for initial MHTAAR funding of \$100,000 (ADN# 06-2-0348) for the Patient Centered Medical Home Model project. The 2012 legislature approved \$500,000 of FY2013 MHTAAR authorization for the continuation of the project. Because it was not possible to know in advance how much of the original FY2012 authority might be available for carry forward into FY2013, no carry forward request was presented for consideration by the legislature during session.

TIMING ISSUES

The Department of Health and Social Services received approval to carry forward the \$33,600 from the Trust during their April 10, 2012 Finance Committee meeting. Funding is available at this time (see attached memo from the Trust), and the division is continuing its work with the consultant to complete the plans for the PCMH care delivery system. The project period for these carry forward funds is from July 1, 2012 through June 30, 2013.

If the carry forward request is denied, funds would lapse and FY2013 authority available for the continued development of the PCMH care delivery system would be reduced by that \$33,600 amount.

Legislative Fiscal Analyst Comment: If the RPL is not approved, FY13 authorization would remain at the \$500.0 that was appropriated in the operating budget. This RPL would increase FY13 MHTAAR authorization for the project to \$533.6. In addition, the Department intends to use \$200.0 of federal receipts for the project in FY13 (see below).

BUDGETARY ISSUES

Carry forward funding supports establishment of a PCMH model of care as envisioned and highly recommended by the Medicaid Task Force. The funding fits into the long-term plans, missions and measures of the division because they support, and are consistent with, the core functions of Health Care Services.

The division has encumbered \$66,400 of the \$100,000 FY2012 MHTAAR funds. There are no known current or future budgetary impacts of this carry forward request. The funding for this project grant is 100% MHTAAR. However, the department is matching the Trust funding with \$200,000 of one-time federal funding, available for expenditure through June 30, 2013.

Legislative Fiscal Analyst Comment: The Department is using (as matching funds) \$200,000 of the \$4.9 million federal funds received from a FY10 Children's Health Insurance (CHIP) performance bonus. None of the \$200,000 federal funds budgeted for this project has been expended. Although some federal requirements apply, these incentive funds are discretionary and are intended to be spent on priority programs within the agency. The Legislative Finance Division has no technical issues with this request, but notes that this RPL funds only the development of a model for a care delivery system. The cost of providing services under the new care delivery model is unknown, but is expected be less than under the current care delivery system.

Long-term, once the PCMH care delivery system has been established, the department plans to request the appropriate federal medical assistance percentage (FMAP) associated with the reimbursement to medical homes for case management not currently covered. At this time, the department estimates the FMAP to be 50% with 50% state match in the general population, 100% for American Indian and Alaska Native recipients receiving care from tribal providers, and the applicable match rates for children and pregnant women. Medical Home models in full operation typically demonstrate cost savings as a result of improved coordination of care and avoidance of duplication of testing, expanded access to primary care resulting in fewer emergency room visits, and increased early intervention for chronic conditions resulting in better outcomes.

**Department of Natural Resources
Administration and Support
Mental Health Trust Land Administration**

| | |
|--|--|
| Subject of RPL: Real Estate Portfolio Development | ADN/RPL #: 10-3-5000 |
| Amount Requested: \$360,300 | Appropriation Authority: Sec 1,Ch 16, SLA 2012,pg 6,ln 28 |
| Funding Source: \$360,300 (1092 MHTAAR) Operating | Statutory Authority: AS 37.13.300 |

PURPOSE

The Trust Land Office (TLO) is requesting an increase to the FY2013 Conference Committee budget. Funding for a long-term non-permanent position (\$160,300) and term contracts (\$200,000) were approved by the Mental Health Trust Full Board on May 10, 2012.

The Office of Management and Budget approved one long-term non-permanent Trust Resource Manager position after the legislative session concluded. This position will provide critical support to the Real Estate section of the TLO. It is a key component of the TLO's ability to continue to develop its real estate portfolio and earn revenue for the Mental Health Trust. The TLO is requesting an additional \$160,300 in personal services to fully fund this long-term non-perm position.

Additionally, the TLO is requesting \$200,000 for term contracts. These contracts will provide the TLO with immediate access to private sector technical services that support project due diligence. The use of term contracts will allow the TLO to take advantage of potential opportunities immediately by having technical project support and legal counsel already under contract to be used on an as-needed basis. Due diligence is largely completed by staff, but private sector support is needed for legal counsel and project management services. These services include project managers, architects, engineers, surveyors, attorneys, and appraisers.

PREVIOUS LEGISLATIVE CONSIDERATION

This request has not previously been considered by the Legislature and no funds have been appropriated for this purpose. There is no associated intent language. No previous RPLs have been submitted.

Legislative Fiscal Analyst Comment: The TLO received an increment of \$261.3 in the FY13 budget. Of this, \$215.8 is to be used for rising costs associated with contract appraisers, engineers and surveyors and for supporting the acquisition of properties that directly benefit Trust beneficiaries (a newer ideology of the Trust). This "support" includes hiring additional contractors to assist in due diligence, legal counsel and project management. In response to a question about the similarity of this RPL to a FY13 increment, the agency offered the following explanation.

The Legislature has certainly considered personal services and contractual costs for the MHTLO in the past, including the FY13 increment. This particular position requested in the RPL has not been funded in the past, and the approach to entering into a portfolio of "term-contracts" (contracts for a specific term that can be available and accessed by the MHTLO on an as-needed basis) has

not been done in the past. As these are new approaches to conducting our business, the department viewed that as having not been considered before.

TIMING ISSUES

The funding is not in the FY2013 operating budget because the position was approved by OMB following the SLA2012 legislative session. The funding for the position and the term contracts were approved by the Full Board May 10, 2012 (please see attached memo). Approval is needed now in order to have the authority in place at the start of FY2013.

BUDGETARY ISSUES

The current FY2013 budget appropriation is inadequate to allow the TLO to fund the additional position and term contracts. These are critical to the development of the real estate investment portfolio of the TLO. Real estate is a key component of the TLO's revenue strategy in the upcoming years. If funding is not approved, the TLO will be unable to continue to advance the real estate program and maximize revenues for the Mental Health Trust Fund. This request will be included in the FY2014 budget request.

Personal Services: \$160,300 Services: \$200,000

**Department of Natural Resources
Agriculture
North Latitude Plant Material Center**

| | |
|---|---|
| Subject of RPL: Canada thistle (<i>Cirsium arvense</i>) cooperative control within the Anchorage area. | ADN/RPL #: ADN 10-3-5001 |
| Amount requested: \$85,000 | Appropriation Authority: Sec 1,Ch 5, FSSLA 2011,pg 90,ln29 |
| Funding source: \$85,000 SDPR(1108) Capital | Statutory Authority: AS 03.05.010, 027, 030, AS 44.37.030 |

PURPOSE

Additional Statutory Designated Program Receipt (SDPR) authorization is needed to receive \$85,000 from the National Fish and Wildlife Foundation (NFWF) to implement a Canada thistle (C. thistle) management program in the Anchorage Area. Funds will be used for prioritization and manual control of known C. thistle infestation, public outreach to identify new infestations, the creation of awareness of the issue, and inventory efforts in areas of Anchorage where C. thistle data is lacking. C. thistle has a limited distribution in most of South-central Alaska, except for the Anchorage area, where it is considered to be locally widespread. Managing C. thistle in the Anchorage area will prevent impacts to surrounding areas important for agriculture, recreation, and wildlife populations. This funding will supplement the FY2012 Canada Thistle Infestations Eradication and Control capital project identified above. A copy of the grant agreement with NFWF is included with this request.

PREVIOUS LEGISLATIVE CONSIDERATION

This funding was not anticipated when developing the FY2013 budget and there has been no previous Legislative consideration. No previous RPLs have been considered.

TIMING ISSUES

This funding was not anticipated when the current budget was developed. An application is pending. The funds are imminent and will be available upon signature, at that time the National Fish and Wildlife Foundation has agreed to extend the grant. The funds are needed now to implement the project during this growing season and through next season after extension of the agreement. Delay would hinder appropriate timing of treatments of infestations, efforts to decrease the extent of the infestations, prevent the spread of C. thistle, and gathering of data. Delays may also increase the chance of diminished natural and agricultural resource production in Alaska. Canada thistle is known in other parts of North America to cause serious ecological changes and infest farm land.

Legislative Fiscal Analyst Comment: The agency expects to have funding in hand very soon after RPL approval and is ready to make the funds part of the summer plan. Waiting for a subsequent LB&A meeting will delay use of the funding to address thistle infestation this growing season.

BUDGETARY ISSUES

This funding fits into long-term plans and mission of the North Latitude Plant Materials Center.

The following is the line item distribution of the proposed expenditure:

| Expense type | Cost | Explanation |
|---------------------|-------------|---|
| Personnel | \$72,000 | Request a long term non perm position to manage project and implement control. NRT III, Range 14. Includes 10% administration cost. |
| Supplies | \$5,000 | GPS for data monitoring and keeping; Miscellaneous supplies for camera, postage and safety supplies |
| Travel | \$8,000 | Travel for control and inventory work and travel to annual invasive species conference for two years. |
| Total cost | \$85,000 | |

This will be a new project within the Canadian Thistle capital appropriation; no funds have been expended to date on this grant. This is a new one time project. There will be no impact on the general fund in the FY2013 operating budget. The match is provided through the existing Canadian Thistle capital appropriation. There is no excess SDPR authority to accept these funds currently within the capital project. Depending on the project's success and agency need, anticipated funding will be spent through FY2013.